

MICHIGAN AERONAUTICS COMMISSION

Minutes of Meeting

Lansing, Michigan

March 30, 2006

Pursuant to Section 31 of Act 327 of the Public Acts of 1945, the Commissioners of the Michigan Aeronautics Commission (MAC), created by said act, met in the Aeronautics Auditorium, 2700 E. Airport Service Drive, on Thursday, March 30, 2006, commencing at the hour of approximately 10:00 a.m.

Members Present

Terry Everman, Chairman
James Collins, Vice Chairman
Sidney Adams, Jr.
Eric V. Smith
Joyce Woods
Daniel Atkinson
Leon Hank
Mindy Koch

Staff

Barbara Burris, Executive Assistant
Pauline Misjak, Aviation Services Division
Rick Hammond, Airports Division
David Baker, Airports Division
Linn Smith, Airports Division

Members Absent

Kirk Steudle
Richard Elliott

Also Present

Rob Abent, Director
Jim Koslosky, G.R. Ford International
Lee Scherwitz, SW MI Regional
John Strehl, Antrim County
Larry Bowron, W.K. Kellogg
Robert Selig, Capital City
Mike Lynn, Capital City
Jon Bayless, Grand Ledge Abrams
Victor Johnson, Sparta
Mike Trout, Flint Bishop International
Karl Randall, Oakland County International
Sean Brosnan, Willow Run

A list of all others present is attached to the official minutes.

I. OPENING REMARKS

The March 30, 2006, Aeronautics Commission meeting was called to order by Chairman Terry Everman, at 10:25 a.m. He welcomed all in attendance. He introduced special guests Robert Hidley, Director of Aviation for the state of Oregon, and Mike Burrill, Chairman of the Oregon State Aviation Board.

He asked the audience to welcome the newest member of the Aeronautics Commission, Joyce Woods, recently appointed by the Governor to fill a vacancy. Ms. Woods, he noted, has an extensive background in aviation. She currently serves as the President of the Michigan Aviation Association. She is multi-engine rated. He asked Ms. Woods to share a little information about herself.

Ms. Woods indicated that she is the owner of an aircraft based at the Linden-Price Airport; that one of the functions of the Michigan Aviation Association is to promote the economic impact of Michigan Airports. She has been employed by the Dow Chemical Company as a chemical engineer for the past 27 years.

The Chairman noted the absence of Commissioner Elliott and recognized Leon Hank, substituting for Director Steudle.

II. COMMISSION BUSINESS

A. Minutes of January 25, 2006

The Chairman entertained a motion, subject to correction, for approval of the minutes of the meeting held January 25, 2006.

Director Abent noted that a typographical error had been corrected by Ms. Burris prior to the meeting.

Whereupon, it was moved by Commissioner Adams, with support from Commissioner Collins, to approve the minutes of January 25, 2006. There being no opposition to approval, the Chairman declared the minutes approved.

The Chairman called on Director Abent.

B. ASAP Funding Program

Director Abent reported that over the past year staff of the bureau have been working on enhancements to the Airport Security and Protection (ASAP) bond revenue program. Funding sources for the projects to be presented are configured based on two assumptions:

one, approval from the Commission of enhancements to the local/state programs that already exist; and, two, adoption by the Michigan Senate and signature from the Governor on House Bill 5154, which provides for technical revisions to the existing ASAP legislation and allows the MAC to expend bond revenues associated with the program on a more aggressive schedule. He called on Rick Hammond, Acting Administrator, Airports Division, to highlight the enhancements/changes to the ASAP funding program.

Mr. Hammond's remarks are paraphrased as follows:

The Airport Safety and Protection Program, a \$60 million bond program, was developed in 2002 as a funding mechanism for aeronautics capital programs. It enhances the state portion of spending on capital projects at airports. It was envisioned as a five-year plan (the authorization expires at the end of 2007) and a \$12 million per/year bond enhancement to the funding program. In 2003, \$24 million in bonds were sold. He advised that the State Transportation Commission, in a contemporaneous meeting, would be voting on the sale of remaining bonds totaling \$36 million.

The bond proceeds, as envisioned by the Legislature, would be used exclusively to match federal dollars. Recently, however, the federal split has changed from a 90 percent federal/10 percent state match to a 95 percent federal/5 percent state/local match. The legislation does not allow the use of this money for anything other than safety and security programs at specifically listed airports in the legislation to match federal dollars. Left alone, the bureau would have difficulty spending this money entirely on airports. The legislation as revised now allows the bureau to spend the money on items other than the federal match. In other words, he stated, a new state/local program has been created for the \$36 million in bonds remaining.

He assured the Commissioners that this money, and other dollars the state receives, will be used to capture as many federal dollars as possible and that all federal money acquired would be spent on a state/local basis.

He posted a slide depicting the current funding levels for the programs administered by MDOT. The 50/50 state/local program at general utility airports has a limit of \$150,000 per year. The Small Airports program funds projects at non-primary airports with less than 100 based aircraft.

Mr. Hammond asked for approval from the Commission for the new Safety and Security state/local program, which will allow for the spending down of bond money on a state/local basis at primary airports (larger airports with more than 100 based aircraft) on a 90/10 percent basis, with limitations of \$2 million per year or \$4 million over the life of the program until the funds are exhausted. He noted that the smaller airports (airports with less than 100 based aircraft) would be able to participate on a 95/5 percent basis with

limitations of \$1 million per year and \$2 million over the life of the program. This will allow the department to effectively invest the money in Michigan airports, where it is needed, and provide for the balance of the bonds to be let while the authorization is still in effect. The legislation has made it through the state House and the Senate, and passage is anticipated. Approval from the Commission will be contingent on full passage of the legislation.

The Chairman entertained a motion to approve the new state/local safety and security program.

A motion was made by Commissioner Adams, with support from Commissioner Collins, to approve the use of funds consistent with the program outlined by Mr. Hammond.
MOTION CARRIED.

The Chairman called on Dave Baker to present the 52 projects pending Commission approval.

C. Federal/State/Local Projects

Airport Name and Associated City/County	Project Description	Federal	State	Local	Total
Ann Arbor Municipal Ann Arbor	Snow removal equipment building expansion and hangar taxilane construction	0	406,125	21,375	427,500
Huron County Memorial Bad Axe	Rehabilitation of apron and taxistree	200,000	43,750	6,250	250,000
Antrim County Bellaire	Rehabilitation of taxiways A, B, and C, and aprons	322,259	242,611	19,130	584,000
Southwest Michigan Regional Benton Harbor	Construction of runway 9/27 rehabilitation	1,352,000	295,750	42,250	1,690,000
Wexford County Cadillac	Supplemental transfer for approach clearing	34,400	7,525	1,075	43,000
Charlevoix Municipal Charlevoix	Land acquisition, SRE sweeper and hopper spreader	1,083,000	28,500	28,500	1,140,000
Coleman A. Young Municipal Detroit	Demolition of abandoned structures on airport property	16,000	3,500	500	20,000
Detroit Metro Wayne County Detroit	Residential sound insulation	9,750,000	0	2,437,500	12,187,500
Detroit Metro Wayne County Detroit	Letter of Intent funds to upgrade facility/apron etc.	18,581,601	0	1,018,399	19,600,000
Willow Run Detroit	Improve runways 23R and 23L safety areas including security fencing, and conduct noise compatibility study	4,103,050	107,975	107,975	4,319,000
Bishop International	Design of cargo apron	346,750	9,125	9,125	365,000

Flint					
Dow Memorial Frankfort	Runway safety area site work, wetland mitigation, Airport Road relocation	364,000	79,625	11,375	455,000
Fremont Municipal Fremont	Survey and Exhibit A update	20,000	4,375	625	25,000
Fremont Municipal Fremont	Purchase/installation of AWOS	0	104,500	5,500	110,000
Abrams Municipal Grand Ledge	Supplemental transfer for T-hangar construction	94,400	20,650	2,950	118,000
Gerald R. Ford International Grand Rapids	Rehabilitate GA ramp, design and construct perimeter road phase 1	1,700,500	44,750	44,750	1,790,000
Gerald R. Ford International Grand Rapids	Reconstruct taxiway J, surface restoration for runways 8R/26L and 17/35	0	3,681,000	409,000	4,090,000
Greenville Municipal Greenville	Land acquisition	24,000	5,250	750	30,000
Greenville Municipal Greenville	Study for runway 10/28 extension	0	95,000	5,000	100,000
Livingston Co.-Spencer Hardy Howell	Land acquisition	560,000	122,500	17,500	700,000
Livingston Co.-Spencer Hardy Howell	Taxiways A and B construction	0	2,565,000	135,000	2,700,000
Ford Iron Mountain	Construction of runway and taxiway lighting, west terminal gate, purchase of emergency generator, and expand terminal building	497,734	298,879	25,554	822,167
Lakeview-Griffith Field Lakeview	Terminal building design and construction	188,856	41,312	5,902	236,070
Dupont-Lapeer Lapeer	Exhibit A update	10,400	2,275	325	13,000
Lowell City Lowell	Land parcel and closing costs	0	95,000	5,000	100,000
Mason County Ludington	Supplemental transfer to construct by-pass taxiway for runway 18, rehabilitate taxiway D, apron, and taxistreets, and rehabilitate runway 7/25 and 18/36	172,000	37,625	5,375	215,000
Manistee County-Blacker Manistee	Design of terminal building, entrance road, and parking lot	79,200	17,325	2,475	99,000
Marlette Township Marlette	ALP update	50,400	11,025	1,575	63,000
Marlette Township Marlette	Snow removal equipment and building	144,000	31,500	4,500	180,000
Brooks Field Marshall	Design of the rehabilitation of runway 10/28	48,000	10,500	1,500	60,000

Mason Jewett Field Mason	Construction of relocated parallel taxiway	367,272	476,633	32,335	876,240
Marinette Twin County Menominee	Animal control/security fencing and crack sealing	560,000	122,500	17,500	700,000
Jack Barstow Midland	Rehabilitate runway 18/36 and parallel taxiway, install MIRLS	528,000	115,500	16,500	660,000
Mt. Pleasant Municipal Mount Pleasant	Design of apron expansion and taxiway extension	150,000	32,813	4,688	187,500
Muskegon County Muskegon	Runway 14/32 RSA improvements	5,766,500	151,750	151,750	6,070,000
Luce County Newberry	Perimeter fencing (phase II)	212,074	46,391	6,627	265,092
Ontonagon Co.-Schuster Field Ontonagon	Runway & taxiway lighting rehabilitation, visibility indicator markers, crack sealing, and runway 34 turnout and erosion pad	128,000	28,000	4,000	160,000
Owosso Community Owosso	Parallel taxiway lighting	0	169,100	8,900	178,000
Pellston Regional Pellston	SRE blower, construction of access road, supplemental windcones for runway 5/23 and airfield pavement markings for Part 139 requirements	1,587,500	41,776	41,777	1,671,053
Oakland County International Pontiac	Environmental assessment for runway extension	55,200	12,075	1,725	69,000
Oakland County International Pontiac	N/S runway relocation and connecting taxiways, 9R extension, perimeter road, fencing, T-hangar removal, and RSA improvements	1,820,106	398,148	56,878	2,275,132
Oakland County International Pontiac	Snow removal equipment-friction testing equipment	0	128,250	6,750	135,000
Romeo State Romeo	Construction of entrance road and terminal site prep	394,000	86,187	12,313	492,500
MBS International Saginaw	Conceptual plans for terminal building	475,000	12,500	12,500	500,000
Saginaw County H.W. Browne Saginaw	Paint marking	20,000	4,375	625	25,000
Mackinac County Saint Ignace	Supplemental transfer for T-hangar, hangar site work, and runway 7 approach clearing	170,945	37,394	5,342	213,681

Chippewa County International Sault Ste. Marie	Runway 16/34 joint rehabilitation phase II & paint marking for Part 139 correction, refurbish taxiways A, B, C, & D MITL, supplemental windcones, SRE dump truck	1,852,500	48,750	48,750	1,950,000
Sault Ste. Marie Municipal- Sanderson Sault Ste. Marie	SRE and SRE building, supplemental transfer for RSA and Part 77 grading (phase II)	0	342,000	18,000	360,000
South Haven Area Regional South Haven	Land parcel, closing costs, and attorney fees	84,800	18,550	2,650	106,000
Paul C. Miller-Sparta Sparta	Land acquisition	0	760,000	40,000	800,000
Statewide	Paint marking and crack sealing	0	240,000	240,000	480,000
Oakland/Troy Troy	Stand-by power for field lighting system	0	39,900	2,100	42,000
Totals		\$53,914,447	\$ 11,725,544	\$5,108,444	\$70,748,435

Mr. Baker entertained questions from the Commissioners.

With respect to the Oakland County International Airport, Commissioner Collins inquired as to the justification for shifting the north/south runway. Mr. Baker explained that in approximately 1995, a noise study suggested that the proposed location of a ground run-up enclosure preliminary to shifting and construction of a new crosswind runway would require the removal of hangars, et cetera, thereby creating a noise problem.

Chairman Everman subsequently inquired whether the project at Mt. Pleasant would be impacted by the federal mandates governing state-tribal relations. Mr. Baker responded that at this time there are no public use airports on tribal reservations; however, notifications and negotiations routinely take place with tribes during the environmental phases of the projects. Tribes are given access to the environmental impact reports.

The Chairman entertained a question from Mr. Ralph Lucius, who inquired whether the funding for the South Haven project was supplemental funding for land acquisition, since funding had been authorized previously.

Mr. Baker explained that prior funding approvals were associated with appraisals and engineering work; that the funding requested on this date would be used to acquire easements.

The Chairman entertained a motion to approve the 52 funding transfers.

Whereupon, it was moved by Commissioner Adams, with support from Commissioner Hank, to approve the funding for the 52 projects identified by Mr. Baker. MOTION CARRIED.

At this juncture, the Chairman asked Mr. Baker to continue and identify the supplemental transfers completed and signed by the Director since the last Commission meeting.

Mr. Baker identified seven supplemental transfers as follows:

W.K. Kellogg, Battle Creek: A four (4) percent increase in state/local funding resulting from the need for additional gas and electrical utility work required to complete the project, thereby increasing the total project cost to \$556,454.

Dow Memorial Airport, Frankfort: A six (6) percent increase in state/local funding resulting from the demolition, property surveys, and a Phase I environmental assessment required to complete the project, thereby increasing the total project cost to \$510,450.

Dow Memorial Airport, Frankfort: A ten (10) percent increase in state/local funding resulting from the addition of parcels E47, E48 and E49, thereby increasing the total project cost to \$220,350.

Grand Haven Memorial Airpark, Grand Haven: A seven (7) percent increase in federal/state/local funding resulting from the need for additional tree removal and site restoration required to complete the project, thereby increasing the total project cost to \$457,000.

Oceana County, Hart: A two (2) percent increase in state/local funding needed to revise the ALP so that it addresses communications towers surrounding the airport and reflects the current conditions in the approaches, as well as to revise the runway orientation, thereby increasing the total project cost to \$123,154.

Capital City Airport, Lansing: An adjustment only in cost proportions to reflect an increase in federally eligible items and a decrease in ineligible items. The total project cost remains unchanged.

Manistee County-Blacker, Manistee: A one (1) percent increase in state/local funding resulting from final bids for construction of security/animal control fencing being higher than originally estimated, thereby increasing the total project cost to \$597,460.

No official action is required on the supplemental transfers.

III. DISCUSSION

The Chairman proposed that the Commission hold a second offsite meeting on July 26 in Flint, in conjunction with activities surrounding the Flint-Bishop Airport. He noted that Flint-Bishop is currently Michigan's fastest growing airport and the second fastest growing airport in the nation, something all Michigan citizens can be proud of. He entertained support for holding a second offsite meeting.

Whereupon, a motion to hold a second offsite meeting in Flint was made by Commissioner Adams and supported by Commissioner Collins. By unanimous voice vote, the MOTION CARRIED. The meeting will be held on July 26, 2006, at a location to be announced.

The Chairman opened the floor for comments from the public.

IV. PUBLIC COMMENT

Director Abent advised that a request to speak had been received from Mr. Ralph Lucius regarding the South Haven Area Regional Airport.

The Chairman called on Mr. Lucius.

A summary of remarks by Mr. Lucius follows:

Mr. Lucius indicated that he represented six families residing near the South Haven Area Regional Airport who feel they are victims of eminent domain abuse at the hands of the South Haven Regional Airport Authority, MDOT, and the engineering firm of R.W. Armstrong. The group opposes proposed projects at the airport, he stated, because of the number of critical errors made, the unfair nature of the process, and the perceived lack of compliance with proper procedures with regard to the runway extension.

Construction to extend runway 22 by 500 feet began in the summer of 2004. Upon completion, it was determined that aviation easements would be needed. In April 2005, approximately one dozen property owners were notified that aviation requirements would necessitate removal of some trees. In September 2005, it was determined that six property owners and more than 100 trees on 20+ acres would be impacted. He noted that some of the trees would need to be trimmed as much as 40 feet. He indicated that safety is a real concern for residents who feel their homes are in jeopardy -- once trees are trimmed or removed, with the new runway extension, planes will fly 50 to 60 feet above the homes in line with the runway approach zone.

He advised that the justification for the user survey is in question, as is the magnitude of the engineering error and mismanagement of the project as a whole. He asserted that the process has been neither open nor fair; but rather was misleading.

With respect to the user survey, he alleged that the justification for the runway extension was embellished to achieve the 500 foot extension. Mr. Lucius read from a number of e-mail messages supporting this argument. He testified that no public hearings were held on the project and that homeowners are being asked to pay the price for an engineering error. He indicated that Exhibits X, prepared by the same engineers and submitted to obtain the property acquisitions, contain multiple errors, as do land appraisals. Overall, he indicated, the entire process has been unfair and misleading, and the resulting good faith offer has been anything but a good faith offer.

He advised of attempts to correspond with staff of the department. He indicated that he had been told that the issue would be reexamined, but nothing has changed. He asserted that the use of eminent domain was approved two months previous to the good faith offers to property owners. In conclusion, he said, he feels he is playing poker with his life savings and his future. The end result, he indicated, is poor public relations with the local airport, which is not good for anyone. He asked the Commission to look at what's right and not what's legally attainable; he asked that there be an immediate investigation into the project and a determination made as to whether the acquisitions and use of eminent domain are legal and justified. In addition, he asked that there be consideration for a permanent displaced threshold. Further, that if it is determined that the project is justified, that sufficient funding be allocated to purchase the homes from the owners who will be displaced.

Chairman Everman offered assurances that the Commission is aware of the situation and that a review would be undertaken. He indicated that the Commission would be unable to respond until all the information available is reviewed. He thanked Mr. Lucius for sharing his concerns.

Mr. Lucius asked whether it would be possible to put a hold on all acquisition proceedings and funding of projects until a review is completed.

The Chairman responded that this request would be taken under advisement.

There being no further requests for public comment, the Chairman thanked the participants for attending and declared the meeting adjourned.

At approximately 11:17 a.m., the Michigan Aeronautics Commission meeting adjourned.

The next meeting of the Aeronautics Commission will be held on Wednesday, May 24, 2006, at 10:00 a.m. in the Aeronautics Auditorium, 2700 E. Airport Road, Lansing, MI.

Director

Chairman

Dated: _____